Great Group Holdings Limited
Company Registration No. 200804077W
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Great Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing a renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 2,065,000,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") (assuming that all Warrants (as defined herein) are exercised prior to the Books Closure Date (as defined herein)) at an issue price of S$0.005 for each Rights Share (the "**Issue Price**") on the basis of seven (7) Rights Shares for every one (1) existing ordinary share in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at a date and time to be determined by the Directors of the Company for the purpose of determining the Shareholders' entitlements under the Proposed Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded. As at the date of this Announcement, the Company has an issued and paid-up share capital comprising 265,000,000 Shares (the "**Existing Share Capital**").

The Proposed Rights Issue is subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting (the "**EGM**") to be convened by the Company in due course.

2. THE PROPOSED RIGHTS ISSUE

2.1 Principal terms of the Proposed Rights Issue

Basis of provisional allotment	:	Seven (7) Rights Shares for every one (1) existing Share held by Entitled Shareholders (as defined herein) as at the Books Closure Date.
Number of Rights Shares to be issued	:	Up to 2,065,000,000 Rights Shares to be allotted and issued. Under the Maximum Scenario (as defined herein), up to 2,065,000,000 Rights Shares will be issued pursuant to the Proposed Rights Issue. Under the Minimum Scenario (as defined herein), up to 1,130,500,000 Rights Shares will be issued pursuant to the Proposed Rights Issue.
Status of the Rights Shares	:	The Rights Shares are payable in full on acceptance and/or application and upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares and with each other, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

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Issue Price	:	S$0.005 for each Rights Share, payable in full on acceptance and/or application. The Issue Price represents a discount of approximately: (a) 87.5% to the closing price of S$0.04 per Share on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 December 2014, being the last trading day of the Shares on the SGX-ST prior to the date of this Announcement; and (b) 50.00% to the theoretical ex-rights price[1] of S$0.01 per Share
Entitled Shareholders' Rights		All Entitled Shareholders (as defined herein) will be at liberty to accept, decline, renounce in part or in whole or trade (during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the "**Excess Rights Shares**"). In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares, if any, provided that where there are insufficient Excess Rights Shares to allot to each application, the Company shall allot the Excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

[1] The theoretical ex-rights price per Share is equal to (A) the sum of (i) the Company's market capitalisation based on the closing price of S$0.04 per Share on the SGX-ST on 26 December 2014 and assuming the exercise of all the Warrants at the warrant exercise price of S$0.075; and (ii) the gross proceeds of the Proposed Rights Issue under the Maximum Scenario, divided by (B) the enlarged total number of Shares in issue following the completion of the Proposed Rights Issue.

For the purpose of this Announcement, "**Entitled Shareholders"** means the Entitled Depositors and the Entitled Scripholders. "**Entitled Depositors**" refer to Shareholders with Shares entered against their own names in the depository register maintained with Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date, and whose registered addresses with CDP are in Singapore as at the Books Closure Date, or who have, at least three (3) days Market Days (as defined herein) prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. A "**Market Day**" means a day on which the SGX-ST is open for trading in securities. "**Entitled Scripholders**" refer to Shareholders whose share certificates are not deposited with CDP and who have tendered to the Company's share registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may, in consultation with the Manager (as defined herein), deem fit, subject to, among others, the approval of Shareholders at the EGM. Such terms and conditions will be set out in the circular ("**Circular**") to be despatched to Shareholders in due course. The final terms and conditions of the Proposed Rights Issue will be set out in the offer information statement (and all its accompanying application forms) ("**OIS**") to be despatched by the Company to the Entitled Shareholders in due course.

2.2 Irrevocable Undertakings

As at the date of this Announcement, Mr Weng Wenwei ("**Mr Weng**"), the Company's Executive Chairman and Chief Executive Officer holds an aggregate of 181,500,000 Shares (direct and deemed), representing approximately 68.49% of the Existing Share Capital. Mr Weng has a direct interest in the 81,500,000 Shares (representing approximately 30.75% of the Existing Share Capital) and is deemed interested in the 100,000,000 Shares (representing approximately 37.74% of the Existing Share Capital) held by G&W Investment Management Co., Ltd. (incorporated in British Virgin Islands, Company Registration No. 1450408) ("**G&W**"), by virtue of his 100% interest in G&W.

Mr Weng and G&W had on 30 December 2014 respectively given an irrevocable undertaking to renounce an aggregate of 1,130,500,000 Rights Shares, being all or part of their provisional entitlements pursuant to the Proposed Rights Issue (collectively the "**Renounced Rights Shares**") in favour of Forise Capital Group Limited (the "**Investor**").

(Each of Mr Weng and G&W is referred to as an "**Undertaking Shareholder**" and collectively the "**Undertaking Shareholders**").

Each of the Undertaking Shareholders had also on 30 December 2014 given an irrevocable undertaking to the Company to, *inter-alia*, vote in favour of the Proposed Rights Issue in the EGM.

The Investor had on 30 December 2014 given an irrevocable undertaking (the "**Investor's Undertaking**") to, *inter-alia*, subscribe for and pay in full the Renounced Rights Shares.

(The above irrevocable undertakings are collectively referred to as the "**Irrevocable Undertakings**").

Please refer to Section 3 of this Announcement for details of the Irrevocable Undertakings.

2.3 Warrants and Share Awards

Warrants

The Company had on 20 May 2013 issued 30,000,000 unlisted and non-transferable warrants at an issue price of S$0.005 (the "**Warrants**") to SAPO Investment Pte. Ltd. ("**SAPO**"), with each Warrant carrying the right to subscribe for one (1) new Share of the Company upon the exercise of the Warrants by SAPO at the exercise price of S$0.075 for each new Share. Please refer to the announcement of the Company released on 20 May 2013 entitled "***ENTRY INTO OF A LICENSE AGREEMENT AND PROPOSED WARRANTS ISSUE TO SAPO INVESTMENT PTE LTD***" for details of the Warrants issue. The Warrants have been vested on 1 January 2014 and upon the vesting of the Warrants, SAPO has the right to exercise the Warrants at any time during the period commencing on 1 January 2014 and expiring at 5.00 p.m. on the earlier of (a) the date immediately preceding 36 months from the date of issue of the Warrants; and (b) the date ending 30 days upon the announcement by the Company of any agreement (including a conditional agreement) that constitutes a very substantial acquisition or reverse takeover under Rule 1016 of the Listing Manual of the SGX-ST ("**Listing Manual**"). As at the date of this announcement, 30,000,000 Warrants remains outstanding. The Warrants may or may not be exercised by SAPO prior to the Books Closure Date. Under the terms of the Warrants issue, the number of Warrants and/or exercise price will be adjusted in the event of any rights issue of the Company. Details of such adjustment will be announced by the Company separately in due course.

Share Awards

The Company had on 5 June 2013 granted 8,700,000 share awards to certain directors and employees of the Company (the "**Share Awards**") and subsequent to the resignation of certain directors and employees of the Company, the number of outstanding Share Awards was 2,400,000 Shares ("**Remaining Share Awards**"). The Company had received consent from the holders of the Remaining Share Awards to fully waive their entitlements or rights to the Remaining Share Awards, pursuant to which the Remaining Share Awards had been cancelled and will not be vested. Please refer to the announcement of the Company released on 26 December 2014 entitled "***UPDATES ON SHARE AWARDS GRANTED PURSUANT TO THE GREAT GROUP PERFORMANCE SHARE SCHEME***" for details of the waiver of the Share Awards.

2.4 Size of the Proposed Rights Issue

As at the date of this Announcement, the Existing Share Capital of the Company comprises 265,000,000 Shares.

For illustrative purpose only, based on the Existing Share Capital of the Company, and assuming that (1) the Warrants are exercised in full on or prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercise of the Warrants are allotted and issued on or prior to the Books Closure Date; and (2) the Proposed Rights Issue is fully subscribed (including the Renounced Rights Shares), up to 2,065,000,000 Rights Shares will be issued pursuant to the Proposed Rights Issue (the "**Maximum Scenario**").

For illustrative purpose only, based on the Existing Share Capital of the Company, and assuming that (1) none of the Warrants are exercised on or prior to the Books Closure Date (2) none of the other Shareholders subscribes for their rights entitlements; and (3) only the Investor subscribes for the Renounced Rights Shares pursuant to the Investor's Undertaking, up to 1,130,500,000 Rights Shares will be issued pursuant to the Proposed Rights Issue (the "**Minimum Scenario**").

2.5 Background of the Investor

The information on the Investor in this Section 2.5 was provided by the Investor. In respect of such information, the Company, the Directors and the Manager have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Announcement.

The Investor, Forise Capital Group Limited (Company Registration No. 1819781) is an investment holding company incorporated in the British Virgin Islands on 10 April 2014. The Investor has not commenced any business since its incorporation. As at the date of this Announcement, the Investor does not have any direct and/or indirect interest in the Shares of the Company.

The ultimate shareholder of the Investor is Mr Wang Xin, a citizen of the People's Republic of China ("**PRC**"). Mr Wang Xin is an established entrepreneur with business interests in asset management and investment business for over 20 years. Mr Wang is the chairman of Fu Hua Holdings Ltd (复华控股有限公司) ("**Fu Hua Holdings**") (Company Registration No. 110000016216623), a company incorporated in the PRC and is principally engaging in the businesses of, *inter alia*, core asset operation, asset management, investment, and merger and acquisition. Fu Hua Holdings' business covers sectors such as environmental protection, real estate and retail as well as private equity, banking, wealth management, micro credit and investment banking. As at the date hereof, Fu Hua Holdings has established its presence and network in countries other than PRC, such as Hong Kong, Australia, Singapore and etc. Mr Wang Xin is also the director of several companies incorporated in the PRC and outside of PRC, which are principally engaging in the business of water purifying, air purification, smart bathroom facilities as well as the development of other household electronic devices.

More information on the Investor will be set out in the Circular to be despatched by the Company in due course.

The Investor and its beneficial shareholder, namely Mr Wang Xin, are not related to the Company, its subsidiaries, its Director and substantial Shareholders, and their associates.

Other than the irrevocable undertakings provided by the Undertaking Shareholders, none of the Directors and substantial Shareholders, and their respective associates, has any connection (including business relationship) with the Investor and its beneficial shareholder.

2.6 The Manager

The Company has appointed UOB Kay Hian Private Limited (the "**Manager**") as the manager of the Proposed Rights Issue.

2.7 The Whitewash Waiver

Assuming the Maximum Scenario, the shareholding interests of the Investor (and its concert parties (as defined under the Singapore Code on Take overs and Mergers ("**Code**")), if any) in the Company will be 47.90% following the completion of the Proposed Rights Issue. Assuming the Minimum Scenario, the shareholding interests of the Investor (and its concert parties, if any) in the Company will be 81.01% following the completion of the Proposed Rights Issue.

Accordingly, the fulfilment of the Investor's obligations pursuant to the Investor's Undertaking may result in the Investor (and its concert parties, if any) obtaining shareholding interest in the Company of more than 30%. In such event, the Investor (and its concert parties, if any) would incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Code unless such obligation is waived by the Securities Industry Council of Singapore (the "**SIC**") on such terms and conditions as it may impose.

In view of the above, the Company will, on behalf of the Investor, make an application to the SIC for, *inter alia*, a waiver of the obligations of the Investor and its concert parties (if any) to make a mandatory general offer for the Shares not already owned or controlled by the Investor and its concert parties (if any) under Rule 14 of the Code as a result of the subscription of the Renounced Rights Shares under the Proposed Rights Issue in accordance with the Investor's Undertaking (the "**Whitewash Waiver**"). Such Whitewash Waiver will be subject to the approval of the Shareholders who are deemed to be independent for the purpose of the resolution (the "**Independent Shareholders**"), by way of a poll to waive their rights to receive the general offer from the Investor and its concert parties, if any (the "**Proposed Whitewash Resolution**").

2.8 Other Approvals

The Company will be seeking specific approval from Shareholders at the EGM for*, inter-alia*, (1) the Proposed Rights Issue, including the allotment and issue of the Rights Shares; (2) the Proposed Whitewash Resolution; and (3) The proposed issue of securities to transfer of controlling interest pursuant to Rule 803 of the Listing Manual.

An application will be made by the Company to obtain the approval of the SGX-ST for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST in due course.

Please refer to Section 8 of this Announcement for details of the approvals required for the Proposed Rights Issue.

3. THE IRREVOCABLE UNDERTAKINGS

3.1 Mr Weng had on 30 December 2014 provided an irrevocable undertaking to the Company and the Manager that, *inter alia*:

(a) he shall vote in favour of the Proposed Rights Issue, including the allotment and issue of the Rights Shares, at the EGM;

(b) on or prior to the Books Closure Date, he shall not sell, transfer, or otherwise dispose of, encumber or part with or instruct his nominee(s) to sell, transfer or otherwise dispose of, encumber or part with, the ownership of any of 61,500,000 Shares owned by him;

(c) that as at the Books Closure Date, his total shareholding in the Company will not be less than 61,500,000 Shares;

(d) the letter of undertaking dated 30 December 2014 issued by him in favour of the Investor and the Manager in relation to, *inter alia*, the renunciation of his provisional allotment of 430,500,000 Rights Shares pursuant to the Proposed Rights Issue remains valid and in full force and effect up to the completion of the Proposed Rights Issue;

(e) he shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while he is in possession of unpublished information that is not generally available to the public, but if it were, would be likely to materially affect the price of the Company's securities, including but not limited to, information in relation to the Proposed Rights Issue ("**Price Sensitive Information**");

(f) he will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue; and

(g) he acknowledges and accepts that pursuant to Rule 877(10) of the Listing Manual, he will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares which are not taken up by the other shareholders of the Company.

3.2 G&W had on 30 December 2014 provided an irrevocable undertaking to the Company and the Manager that, *inter alia*:

(a) it shall vote in favour of the Proposed Rights Issue, including the allotment and issue of the Rights Shares, at the EGM;

(b) on or prior to the Books Closure Date, it shall not sell, transfer, or otherwise dispose of, encumber or part with, or instruct its nominee(s) to sell, transfer or otherwise dispose of, encumber or part with the ownership of any of the 100,000,000 Shares owned by it;

(c) that as at the Books Closure Date, its total shareholding in the Company will not be less than 100,000,000 Shares;

(d) the letter of undertaking dated 30 December 2014 issued by it in favour of the Investor and the Manager in relation to, *inter alia*, the renunciation of its provisional allotment of 700,000,000 Rights Shares remains valid and in full force and effect up to the completion of the Proposed Rights Issue;

(e) it shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while it is in possession of Price Sensitive Information;

(f) it will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue; and

(g) it acknowledges and accepts that pursuant to Rule 877(10) of the Listing Manual, he/it will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares which are not taken up by the other shareholders of the Company.

3.3 On 30 December 2014, Mr Weng and G&W had respectively provided the following irrevocable undertakings to the Investor and the Manager:

(a) Mr Weng had undertaken that he shall, *inter alia*, renounce its provisional allotment of the Renounced Right Shares, being 430,500,000 Rights Shares in favour of the Investor; and

(b) G&W had undertaken that it shall, *inter alia*, renounce its provisional allotment of the Renounced Rights Shares, being 700,000,000 Rights Shares, in favour of the Investor.

3.4 On 30 December 2014, the Investor had provided the Investor's Undertaking to the Company and the Manager that, *inter alia*:

(a) it shall subscribe and pay, or procure the subscription and payment, in full for the aggregate of 1,130,500,000 Renounced Rights Shares pursuant to the Proposed Rights Issue, which will be renounced to the Investor by Mr Weng and G&W respectively, in accordance with the terms and conditions of the Proposed Rights Issue as soon as practicable but on or prior to the latest time and date for acceptance of and/or excess application and payment for the Rights Shares under the Proposed Rights Issue (the "**Closing Date**");

(b) it has sufficient financial resources to subscribe and pay for the Renounced Rights Shares and shall deposit not less than S$5,653,000 with the Manager on or before 30 January 2015;

(c) it will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by the Company for the Proposed Rights Issue, for the purpose of subscribing for the Renounced Rights Shares, and as it is necessary to ensure that the Renounced Rights Shares can be validly and legally provisionally allotted to it;

(d) it shall not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while it is in possession of any Price Sensitive Information; and

(e) it acknowledges and accepts that no representation and warranty is given by the Company or its subsidiaries or related companies in relation to, or in connection with, the merits or otherwise of the Proposed Rights Issue or timing thereof, the Rights Shares, the subscription thereof, or as to the Shares, the Company, its subsidiaries or related companies (including their respective financial or other conditions).

Each of Mr Weng, G&W and the Investor confirms that he / it has not been offered additional terms or benefits in connection with the giving of their respective Irrevocable Undertakings.

3.5 Conditions to the Irrevocable Undertakings

Each of Mr Weng's and G&W's obligations under the respective Irrevocable Undertaking, and the Investor's obligation to subscribe for the 1,130,500,000 Renounced Rights Shares under the Investor's Undertaking, are subject to:

(a) the Investor having deposited not less than S$5,653,000 with the Manager on or before 30 January 2015;

(b) the Proposed Rights Issue, including the allotment and issue of the Rights Shares, having been approved by Shareholders at the EGM;

(c) the Whitewash Waiver having been granted by the SIC and such Whitewash Waiver not having been withdrawn or revoked as at the completion of the Proposed Rights Issue;

(d) the grant by the SGX-ST of the approval in-principle for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST, and such approval not having been withdrawn or revoked as at the completion of the Proposed Rights Issue ("**Listing Approval**");

(e) the Whitewash Resolution having been approved by way of a poll by a majority of Independent Shareholders at the EGM;

(f) the proposed subscription of the Rights Shares by the Investor under the Proposed Rights Issue, having been approved by the Shareholders at the EGM pursuant to Rule 803 of the Listing Manual;

(g) All other conditions of the Whitewash Waiver and the Listing Approval having been complied with;

(h) all other necessary consents, approval and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue; and

(i) The lodgment of OIS, together with all other accompanying documents, by the Company with the Monetary Authority of Singapore (the "**MAS**") in accordance with Section 277 of Securities and Futures Act, Chapter 289 of Singapore.

4 PURPOSE OF THE PROPOSED RIGHTS ISSUE AND THE USE OF PROCEEDS

4.1 Rationale for the Proposed Rights Issue

The Group had been reporting net loss since the financial year ended 31 December ("**FY**") 2012. Net loss reported by the Group for FY2012 was approximately RMB123.5 million while net loss reported by the Group for FY2013 was approximately RMB240.9 million. For the first nine months ended 30 September 2014, the Group had also incurred net loss of approximately RMB15.90 million (for continuing and discontinued operations).

The Group has been dependent on short-term bank borrowings to meet its working capital and operating cash flows requirements. As at 30 September 2014, short-term bank borrowings amount to approximately RMB304.6 million, which is significantly higher

than the Group's cash and cash equivalents of approximately RMB134.6 million. Furthermore, the Group's current liabilities exceeded current assets by approximately RMB43.0 million.

In view of the above financial circumstances of the Group, and taking into consideration the Investor's Undertaking, the Directors are of the opinion that the Proposed Rights Issue is an important step to raise funds to strengthen the Group's financial position to meet its working capital requirements and to enhance its financial flexibility to capitalise on potential growth and acquisition opportunities. In addition, the Proposed Rights Issue will also provide Shareholders with an opportunity to maintain their equity participation in the equity of the Company, increase its capital base and will allow the Company to be less reliant on external sources of funding.

4.2 Use of Proceeds

Under the Maximum Scenario, the estimated net proceeds from the Proposed Rights Issue, after deducting estimated expenses of approximately S$0.7 million, is expected to be approximately S$9.6 million. Under the Minimum Scenario, the estimated net proceeds from the Proposed Rights Issue, after deducting estimated expenses of approximately S$0.7 million, is expected to be approximately S$4.9 million (in each case the "**Net Proceeds**").

The Group intends to use the Net Proceeds to meet its general working capital purposes.

Pending the deployment of the Net Proceeds, the Net Proceeds may be used for investment in short-term deposits, money market instruments and/or debt instruments, as the Directors may deem appropriate.

4.3 Non-underwritten

The Directors are of the opinion that the Rights Issue Price of S$0.005 for each Rights Share is sufficiently attractive, and that after taking into consideration of the Investor's Undertaking to subscribe for the Renounced Rights Shares, the Company is assured of raising a minimum gross proceeds of approximately S$5.6 million under the Proposed Rights Issue. Further, by not appointing an underwriter for the Proposed Rights Issue, the Company will not incur the additional costs of engaging an underwriter and having to pay a commission to such underwriter. Accordingly, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

4.4 Announcements on Utilisation of Proceeds

The Company will make periodic announcements on the utilisation of the proceeds of the Proposed Rights Issue, as and when the funds from the Proposed Rights Issue are materially disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds, its results announcement and the annual report.

5 ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE

5.1 Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares under the Proposed Rights Issue at the Issue Price on the basis of their shareholdings as at the Books Closure Date to all Entitled Shareholders.

Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and to receive the OIS together with the relevant application forms and accompanying documents. They are at liberty to accept, decline, renounce or in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

Shareholders who hold Shares under the CPF Investment Scheme ("**CPF Investment Scheme Members**") or the Supplementary Retirement Scheme ("**SRS**") or through a finance company or Depository Agent can only accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares through their respective approved CPF agent banks (in the case of CPF Investment Scheme Members), their relevant approved banks with which they hold their SRS accounts, or the respective finance companies or Depository Agents through which such Shareholders hold Shares. For CPF Investment Scheme Members, acceptances of Rights Shares and (if applicable) applications for Excess Rights Shares, can only be made using CPF funds. In the case of insufficient CPF funds or stock limit, CPF Investment Scheme Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for Excess Rights Shares. Any application made by the above-mentioned Shareholders directly to CDP or through automated teller machines will be rejected. Such Shareholders should refer to the OIS for the details relating to the offer procedure in connection with the Proposed Rights Issue.

5.2 Foreign Shareholders

The OIS and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. For practical reasons and in order to avoid any violation of the securities legislations applicable in countries other than in Singapore where Shareholders may have their registered addresses, the Proposed Rights Issue is only made in Singapore, and the OIS and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**") or to any jurisdictions outside Singapore. No provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance of Rights Shares or application for Excess Rights Shares by Foreign Shareholders will be valid.

5.3 Foreign Purchasers

The OIS and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of the Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). **Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.** The Company reserves the right to reject any acceptances of Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable laws, rules and regulations of any jurisdiction.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotment of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit, and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP and/or the Company's share registrar in connection therewith.

6 FINANCIAL EFFECTS

6.1 The financial effects of the Proposed Rights Issue as presented herein (a) are for illustrative purposes only and are not an indication or a projection of the actual future financial performance or financial position of the Group immediately after the completion of the Proposed Rights Issue; (b) are based on the audited consolidated financial statements of the Group for the FY2013 and the unaudited consolidated financial statements of the Group for the first nine months ended 30 September ("**9M**") 2014; and (c) assume that there is no return earned from the Net Proceeds.

6.2 **Share Capital**

The effects of the Proposed Rights Issue on the issued share capital of the Company are as follows:

	Maximum Scenario		Minimum Scenario	
	No. of Shares ('000)	**RMB'000**	**No. of Shares ('000)**	**RMB'000**
Existing Share Capital	265,000	104,766	265,000	104,766
Add: Shares to be issued pursuant to the exercise of the Warrants	30,000	11,372	-	-
Add: Rights Shares to be issued (1)	2,065,000	45,725	1,130,500	23,617
Enlarged issued share capital after the Proposed Rights Issue	2,360,000	161,863	1,395,500	128,383

Notes:

(1) Based on the exchange rates of S$1.00:RMB4.731 on 19 December 2014 (*Source: Bloomberg L.P.*).

6.3 **Net Tangible Assets ("NTA") and NTA per Share**

Assuming that the Proposed Rights Issue was completed on 31 December 2013 or 30 September 2014, as the case may be, the financial effects of the Proposed Rights Issue on the NTA (represents NTA attributable to equity holders of the Company) and NTA per Share of the Group are as follows:

As at 31 December 2013

RMB'000	**Before the Proposed Rights Issue**	**After the Proposed Rights Issue (Maximum Scenario)**	**After the Proposed Rights Issue (Minimum Scenario)**
NTA attributable to the equity holders of the Company	12,704	12,704	12,704
Net Proceeds from the Proposed Rights Issue (1)	-	45,725	23,617
Proceeds from the exercise of Warrants	-	10,645	-
Adjusted NTA attributable to the equity holders of the Company	**12,704**	**69,074**	**36,321**

Number of Shares ('000)	265,000	2,360,000	1,395,500
NTA per Share (RMB fen)	4.79	2.93	2.60

As at 30 September 2014

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
NTA attributable to the equity holders of the Company	4,790	4,790	4,790
Net Proceeds from the Proposed Rights Issue [(1)]	-	45,725	23,617
Proceeds from the exercise of Warrants	-	10,645	-
Adjusted NTA attributable to the equity holders of the Company	**4,790**	**61,160**	**28,407**
Number of Shares ('000)	265,000	2,360,000	1,395,500
NTA per Share (RMB fen)	1.81	2.59	2.04

Notes:

(1) Based on the exchange rates of S$1.00:RMB4.731 on 19 December 2014 (*Source: Bloomberg L.P.*).

6.4 Earnings Per share ("EPS")

Assuming the Proposed Rights Issue was completed on 1 January 2013 or 1 January 2014, as the case may be, the financial effects of the Proposed Rights Issue on the EPS of the Group would be as follows:

FY2013

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total loss attributable to equity holders of the Company	(241,206)	(241,206)	(241,206)
Number of Shares ('000)	265,000	2,360,000	1,395,500
Basic EPS per Share (RMB fen)	(91.02)	(10.22)	(17.28)
Diluted EPS per Share (RMB fen)	(91.02)	(10.22)	(17.28)

9M2014

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum	After the Proposed Rights Issue (Minimum

		Scenario)	Scenario)
Total loss attributable to equity holders of the Company	(16,602)	(16,602)	(16,602)
Number of Shares ('000)	265,000	2,360,000	1,395,500
Basic EPS per Share (RMB fen)	(6.26)	(0.70)	(1.19)
Diluted EPS per Share (RMB fen)	(6.26)	(0.70)	(1.19)

6.5 Gearing

Gearing is computed based on the ratio of total borrowings to shareholders' equity as at 31 December 2013 and 30 September 2014 (as the case may be).

As at 31 December 2013

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total borrowings	266,979	266,979	266,979
Total shareholders' equity	41,940	98,310	65,557
Gearing (times)	**6.37**	**2.72**	**4.07**

As at 30 September 2014

RMB'000	Before the Proposed Rights Issue	After the Proposed Rights Issue (Maximum Scenario)	After the Proposed Rights Issue (Minimum Scenario)
Total borrowings	304,565	304,565	304,565
Total shareholders' equity	20,909	77,279	44,526
Gearing (times)	**14.57**	**3.94**	**6.84**

7 APPROVALS AND CONDITIONS TO THE PROPOSED RIGHTS ISSUE

7.1 Approvals

The Proposed Rights Issue is subject to, *inter alia*, the following:

(a) The Whitewash Waiver having been granted by the SIC and such grant not having been revoked or repealed as at the date of the of completion of the Proposed Rights Issue, and subject to any conditions that the SIC may impose;

(b) The approval of Shareholders at the EGM for the Proposed Rights Issue;

(c) The approval of Shareholders at the EGM for the Proposed Whitewash Resolution;

(d) The approval of Shareholders at the EGM for the proposed issue of securities to transfer of controlling interest pursuant to Rule 803 of the Listing Manual;

(e) the Investor having deposited not less than S$5,653,000 with the Manager on or before 30 January 2015;

(f) The Listing Approval having been obtained from the SGX-ST and such approval not having been withdrawn or revoked on or prior to completion of the Proposed Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;

(g) All other necessary consents, approval and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights Issue and to give effect to the Proposed Rights Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights Issue; and

(h) The lodgement of the OIS together with all other accompanying documents with MAS.

7.2 Circular, OIS and Announcements

The Circular containing further details on the same will be despatched by the Company to Shareholders in due course.

The Company will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST.

The OIS will also be lodged with the MAS and despatched to Entitled Shareholders after, *inter alia*, obtaining the approval in-principle of the SGX-ST and approval from shareholders of the Proposed Rights Issue at the EGM.

Appropriate announcements in relation to the above application, lodgement and despatch will be made in due course.

8 INDEPENDENT FINANCIAL ADVISOR

The Company has appointed Phillip Securities Pte Ltd as the independent financial adviser to advise the Directors who are deemed independent for the purpose of the Proposed Whitewash Resolution.

9 BOARD REPRESENTATION

The Investor shall be entitled to the extent permissible by all applicable laws and regulations (including the Listing Manual) at any time after occurrence of completion of

the allotment and issuance of Rights Shares to request that its nominated person(s) as director(s) to the Board. The Company shall and to the extent permissible by all applicable laws and regulations (including the Listing Manual) take all reasonable steps and subject to the approval of the nominating committee of the Company to appoint such nominated person(s) as director(s) to the Board.

10 INDICATIVE TIMETABLE

An indicative timetable for the Proposed Rights Issue will be provided to Shareholders in due course.

11 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Mr Weng and G&W as disclosed above, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Proposed Rights Issue and the Proposed Whitewash Resolution, other than through their respective shareholdings in the Company.

Please refer to Appendix 1 for the interests of the Directors and Substantial Shareholders of the Company before and after the Proposed Rights Issue.

12 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

13. CAUTION IN TRADING

SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION IN THE TRADING OF THEIR SHARES IN THE COMPANY. THE PROPOSED RIGHTS ISSUE IS SUBJECT TO, *INTER ALIA*, THE FULFILMENT OF THE CONDITIONS OF THE PROPOSED RIGHTS ISSUE AS SET OUT IN SECTION 7 OF THIS ANNOUNCEMENT. THERE IS NO CERTAINTY AND ASSURANCE THAT THE WHITEWASH WAIVER WILL BE GRANTED BY THE SIC, NOR THE COMPLETION OF THE PROPOSED RIGHTS ISSUE.

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE IN THE CAPITAL OF THE COMPANY

THE COMPANY WILL MAKE THE NECESSARY ANNOUNCEMENTS WHEN THERE ARE FURTHER DEVELOPMENTS ON THE PROPOSED RIGHTS ISSUE AND OTHER MATTERS CONTEMPLATED BY THIS ANNOUNCEMENT. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISORS IF THEY HAVE ANY DOUBT ABOUT THE ACTIONS THEY SHOULD TAKE.

14. For the purpose of this Announcement, the terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act (Cap 50) of Singapore. The term "**acting in concert**" shall have the meaning ascribed to it in the Code.

BY ORDER OF THE BOARD

Ong Wei Jin
Company Secretary
31 December 2014

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE IN THE CAPITAL OF THE COMPANY

APPENDIX 1

Minimum Scenario: Assuming that none of the Warrants are exercised on or prior to the Books Closure Date

	Before Proposed Rights Issue				After Proposed Rights Issue							
					Only Investor subscribes for the Renounced Rights Shares				Investor subscribes in full for Renounced Rights Shares and Shareholders subscribes in full for provisional allotment of Rights Shares			
Name	**Direct Interest**		**Indirect Interest**		**Direct Interest**		**Indirect Interest**		**Direct Interest**		**Indirect Interest**	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Directors												
Mr. Weng Wenwei,	81,500,000	30.8	100,000,000	37.7	81,500,000	5.8	100,000,000	7.2	221,500,000	10.5	100,000,000	4.7
Substantial Shareholders (other than Directors)												
G&W Investment Management Co., Ltd[(1)]	100,000,000	37.7	-	-	100,000,000	7.2			100,000,000	4.7		
Forise Capital Group Limited	-				1,130,500,000	81.0			1,130,500,000	53.3		
Public Shareholders	83,500,000	31.5	-	-	83,500,000	6.0			668,000,000	31.5		
Total	**265,000,000**	**100.0**			**1,395,500,000**	**100.0**			**2,120,000,000**	**100.0**		

Note:

(1) Mr Weng Wenwei is deemed to be interested in the 100,000,000 shares held by G&W Investment Management Co., Ltd by virtue of his shareholdings of 100% in G&W Investment Management Co., Ltd.

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE IN THE CAPITAL OF THE COMPANY

Maximum Scenario: **Assuming that the Warrants are exercised in full prior to the Books Closure Date and that the 30,000,000 new Shares arising from the exercise of the Warrants are allotted and issued on or prior to the Books Closure Date**

	Before Proposed Rights Issue				After Proposed Rights Issue							
					Only Investor subscribes for the Renounced Rights Shares				Investor subscribes in full for Renounced Rights Shares and Shareholders subscribes in full for provisional allotment of Rights Shares			
Name	**Direct Interest**		**Indirect Interest**		**Direct Interest**		**Indirect Interest**		**Direct Interest**		**Indirect Interest**	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Directors												
Mr. Weng Wenwei,	81,500,000	27.6	100,000,000	33.9	81,500,000	5.7	100,000,000	7.0	221,500,000	9.4	100,000,000	4.2
Substantial Shareholders (other than Directors)												
G&W Investment Management Co., Ltd[(1)]	100,000,000	33.9	-	-	100,000,000	7.0			100,000,000	4.2		
Forise Capital Group Limited	-				1,130,500,000	79.3			1,130,500,000	47.9		
SAPO	30,000,000	10.2			30,000,000	2.1			240,000,000	10.2		
Public Shareholders	83,500,000	28.3	-	-	83,500,000	5.9			668,000,000	28.3		
Total	**295,000,000**	**100.0**			**1,425,500,000**	**100.0**			**2,360,000,000**	**100.0**		

Note:

(1) Mr Weng Wenwei is deemed to be interested in the 100,000,000 shares held by G&W Investment Management Co., Ltd by virtue of his shareholdings of 100% in G&W Investment Management Co., Ltd.